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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE  
OSD FOR COMMANDER CHAFFEE  
WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A  
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: May 10, 2007

Next Round of Hearings on the Eurofighter

**¶1.** The parliamentary investigative committee looking into the purchase of Eurofighter jets for Austria's armed forces will hold the next round of hearings today. A key figure in the affair is due to appear before the committee: Erhard Steininger, a lobbyist for the EADS consortium, who has been accused of offering kickbacks and bribes during the public tender process. Steininger's lawyer stressed that his client may refuse to answer the parliamentary inquiry's questions.

In an interview with mass-circulation daily *Kurier*, Erhard Steininger, lobbyist for Eurofighter manufacturer EADS, dismissed calls by SPOe, Greens and FPOe members of the parliamentary investigative committee to be given access to his tax files, stressing that such a move "would be a violation of my rights." Regarding claims of bribery in connection with his payment of 87,000 Euros to the wife of Austrian "airchief" Eric Wolf, Steininger argues that "it must be permissible for a businessman to help a friend financially. Besides, the whole thing occurred half a year after the decision in favor of the Eurofighter." The lobbyist declined to comment on details regarding the nature of his work for EADS, citing a "confidentiality clause, which is part of my contract as consultant for EADS." He downplayed his role as EADS consultant, saying he "played the part of scout once, and sometimes of mailman."

Steininger also refused to comment on how much of EADS' money he had spent in Austria in connection with the Eurofighter deal.

Not the Time for Business as Usual

**¶2.** ... headlined a leading Austria daily on Wednesday, publishing a guest commentary by US Ambassador to Austria Susan McCaw on the United States' concerns over Austrian OMV's planned gas deal with Iran.

In a guest commentary published in centrist daily *Die Presse* on Wednesday, US Ambassador to Austria Susan McCaw says reports that OMV's plans for a large-scale investment in Iran's natural gas sector are "indeed a matter of concern to the US Government." The issue is being debated in the public media, and "there is considerable misunderstanding and misrepresentation of the position of the United States on this issue," the Ambassador states. She explains: "The United States naturally has no objection to Austria's and Europe's interests in diversifying the sources of their energy supply. Diversification, in fact, is a pillar of President Bush's energy strategy." However, the Ambassador argues, part of any "strategic planning must include political realities," and nowhere are those issues more important "than in the international community's dealings with Iran," whose "government has publicly denied the Holocaust, pledged itself to the annihilation of the

state of Israel, and refused to demonstrate that it is not seeking nuclear weapons." In addition, Tehran "continues to support terrorist activities, fails to grant Iran's citizens their basic freedoms, and has been unhelpful in international efforts to bring stability to regional neighbors such as Iraq and Lebanon." The US, the EU and the UN have "well-founded concerns over Iran's apparent pursuit of nuclear weapons," and the "common approach to the regime includes the incentive of increased economic engagement with Iran - if Tehran agrees to suspend its enrichment-related and reprocessing activities. If Iran can receive the same kind of economic cooperation without taking any positive steps, it undermines the effect of this incentive, leaving us with fewer - and more confrontational - options for trying to convince Iran to work with us constructively," Ambassador McCaw warns. Besides, she continues, "in securing this deal with OMV, the Iranian regime was able to play the US off against Europe, just as trans-Atlantic cooperation to tighten sanctions had begun to bear fruit," and at a time "when nations should recognize their common interests." Ultimately, OMV must make its own decision, the Ambassador says, emphasizing, however, that "now is not the time for business as usual with Iran."

#### Ambassador Meets University Students

13. The Austrian Press Agency reports that US Ambassador to Austria Susan McCaw visited the IMC University of Applied Management Sciences in Krems, Lower Austria, on Wednesday, where she met with students and gave a lecture on US foreign policy. Austrian Press Agency APA reported on a May 9 visit by US Ambassador to Austria Susan McCaw to the IMC University of Applied Management Sciences in Krems, where she met with students and talked about US foreign policy as part of the "Export Experts" lecture series for the IMC's English-language program "Export-Oriented Management." Following her lecture, the Ambassador discussed key topics of international politics with the students, who "are very proud to welcome Ambassador McCaw to the IMC Krems," APA writes, quoting one of the university professors, who also praised the "highly interesting lecture," and the "opportunity for the students to ask the Ambassador a lot of questions." APA also notes that Ambassador McCaw was "very impressed with the extent and the quality of the questions put to her," and promised to visit the IMC Krems again soon.

#### Interview with the Pentagon's Fata

14. A leading Austrian daily published an interview with Deputy Assistant Secretary for Defense Daniel Fata. The Pentagon representative explained US plans for a missile defense shield in Eastern Europe, when he was in Vienna last month trying to enlist support for the US system. He dismissed Russia's criticism of Washington's plans, emphasizing that in his view there will be no veto from Moscow on the issue. In an interview with centrist daily Die Presse, Deputy Assistant Secretary of Defense Daniel P. Fata dismissed Russia's criticism of

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the planned US missile defense system in Eastern Europe, saying that "not only for the US, but for Russia, too, Iran poses a threat with its nuclear ambitions and its missile program. The Russians confirmed this during Defense Secretary Robert Gates' visit to Moscow." Fata is convinced there will be "no veto from Moscow against the US system." Fata adds that "since the NATO meeting of April 19, there has been a change of views (on the part of Russia)." All NATO partners "are agreed that the missile threat exists, that Iran is a genuine threat, and that the US missile defense system would be a suitable, far-reaching system, which could complement the European plans for a defense system against short- and medium-range missiles." However, the defense shield cannot be realized within the framework of NATO, because the Alliance is "working on its own system," because the US "is paying for the missile shield in Eastern Europe out of its own pocket," and given NATO structures, it would take several years to respond to current threats, but "these days we don't have the time today."

15. Austrian Chancellor Alfred Gusenbauer said that he expects Slovakia to provide "appropriate information" on its plans to enlarge the nuclear power plant at Mochovce. Speaking after an official visit to Vienna by Slovak Prime Minister Robert Fico, the Austrian Chancellor stressed his country's long-standing anti-nuclear position and said if the plans went ahead Austria would expect "maximum safety." Mochovce is a Soviet designed nuclear power station that Slovakia wants to double in capacity. Semi-official daily Wiener Zeitung reports on Austria's critical position regarding the Slovak nuclear power plant at Mochovce, saying that Chancellor Alfred Gusenbauer raised the issue during an official visit to Vienna by Slovak Prime Minister Robert Fico. Fico, from the left-wing Smer party, was making his first visit to Austria since taking office ten months ago. Transport and infrastructure issues were at the center of talks with Austrian political leaders. Austria has been concerned about the use of nuclear power by neighboring countries in recent years. Aside from Austrian concerns over the safety of the Mochovce reactor, the Temelin nuclear power plant in the Czech Republic has been a bone of contention between the two countries and border blockades often take place. The Czech Republic says the reactor is safe, but Austria says it has many failings, the Wiener Zeitung writes.

#### Tough Tones between Washington and Vienna

16. Reporting on US criticism over Austrian energy provider OMV's planned deal with Iran and the controversy over bank Bawag's Cuban accounts, a mass-circulation daily suggests that "Between Washington and Vienna the tone is getting more acid." "Disturbances in the Line to Washington," headlines foreign editor Livia Kling for mass-circulation daily Kurier when commenting on US criticism over Austrian energy provider OMV's planned deal with Iran. Officially, only a meager statement by an unnamed high-ranking US Embassy diplomat was offered, saying that the US "has not taken any position on Austria's candidacy for the Security Council." In reality, the US is "furious with Austria," and "believes Austria is adding fuel to the fire," according to Klingl. And now, US Ambassador Susan McCaw, in a guest commentary for Die Presse, has harshly criticized the OMV, calling the OMV deal a "matter of concern" in the eyes of the US. It has put the Iranian regime in a position to "play the US off against Europe," argues McCaw, thus hinting at a possible deterioration of transatlantic relations, Klingl quotes from the Ambassador's op-ed. Austrian Foreign Minister Ursula Plassnik, on the other hand, finds such a connection between the gas deal and the bid for the UN Security Council to be bizarre, and confirms that Austria's Iran policy is fully in tune with that of the UN. The OMV shares this view. The foreign editor argues that "what the US presents as morally correct politics is in reality power politics. In the Gulf States, which Plassnik recently toured, it is common knowledge that the US wants to control the region, as much because of its resources as its strategic geographic location. In the international competition for oil and gas in the Persian Gulf and the Caspian Sea, the US does not have many trump cards, but instead a miserable image."

#### Clinton to Visit Vienna

17. Former US President Bill Clinton is to be the guest of honor at the AIDS Life charity gala in Vienna's Schoenbrunn Palace on May 24. Chancellor Alfred Gusenbauer said that he will present the former President with a one-million-dollar donation from Austria to the HIV/AIDS initiative run by the William J. Clinton Foundation. Clinton is also scheduled to attend a Concert for Europe at the Vienna Philharmonic, writes centrist daily Die Presse.

#### Blair to Announce Resignation Plans

18. British Prime Minister Tony Blair is expected to announce his resignation plans later today. His office has confirmed he will brief the cabinet this morning, and later make a public speech. According to the BBC, Blair's announcement that he is stepping down as leader of the Labour Party will "immediately trigger a contests for a successor." Chancellor Gordon Brown is regarded as the principal contender to succeed Blair.

Like all Austrian media, centrist daily Die Presse reports on British Premier Tony Blair's expected announcement of his resignation plans, and on the chances of Chancellor Gordon Brown to take over, and describes upcoming event as a British "choreography of a change of power." The daily points out the challenges facing Brown at "this historic low point" for the Labour Party, and suggests he "hardly stands a chance." He will have to "brush up his image, in particular. A booming economy will not win him votes," and on top of that "there's no love lost between Labour and Brown, either." Nonetheless, it would be "premature to write the Chancellor off already," the Presse believes: "Now that he has reached his life's goal, he will fight all the harder." The daily also comments on Tony Blair, and his "drawn-out goodbye." His stepping down will end a "long, agonizing process of self- destruction." Still, even though the Iraqi war and his painfully slow resignation are overshadowing his term of office, it would be wrong to see the ten years of his prime-ministership from that particular angle only, the daily suggests. Blair has "modernized the country," and "his government was among the first to face globalization and perceive it as an opportunity." It is no coincidence that although 69 percent of the British people believe the Iraq war will be the decisive factor of Blair's legacy, at the same time 61 percent say he was a good Prime Minister.

#### Cheney on Mideast Tour

19. US Vice-President Dick Cheney met with Iraq's political leaders and army chiefs to discuss security and political reconciliation in Iraq. Cheney said his talks with Prime Minister Nouri al-Maliki focused on operations to curb violence in and around Baghdad. The Vice-President's unannounced visit to Iraq is the first stop of his Middle East tour, which is aimed at enlisting support for the stabilization of Iraq. It will take him to Saudi Arabia, Jordan, the United Arab Emirates and Egypt, centrist daily Die Presse says.

McCaw